ARIZONA CORPORATION COMMESCE VED UTILITIES DIVISION APR 13 2004

MIN 10 2004

© CORPORATION COMMISSIO
**DIRECTOR OF UTILITIES
**ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

DESERT HILLS WATER CO., INC. 34647 N. 10TH STREET PHOENIX, AZ 85086

ANNUAL REPORT

FOR YEAR ENDING

12 31 2003

FOR COMMISSION USE

COMPANY INFORMATION

| Company Name (Business Na | | | |
|---|--|----------------------------|-------------------------------|
| Mailing Address 34647 N. 10 | TH STREET | | |
| PHOENIX AZ | 85086 | | |
| (City) | (State) | (2 | Zip) |
| (623) 582-0219 | (623) 582-1365 | | (623) 780-9342 |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (| Include Area Code) |
| Email Address | | | |
| Local Office Mailing Address | SAME AS ABOVE (Street) | ······ | |
| | (Succe) | | |
| (City) | (State) | (Zi | p) |
| Local Office Telephone No. (Include Area Coo | de) Fax No. (Include Area Code) | Pager/Cell N | lo. (Include Area Code) |
| D | | | |
| Email Address | TARLET AND ALL | | |
| Email Address | | | |
| | | ON | |
| | IANAGEMENT INFORMATI | <u>ON</u> | |
| <u>M</u> | IANAGEMENT INFORMATI | ON | |
| <u>M</u> | IANAGEMENT INFORMATI | ON (Ti | tle) |
| Management Contact: MAI | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) | | tle) |
| <u>M</u> | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) | | tle) |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) X AZ 85086 | (Ti | |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX (Street) | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) (AZ 85086 (City) | (Ti | |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX (Street) (623) 582-0219 Telephone No. (Include Area Code) | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) (AZ 85086 (City) (623) 582-1365 | (Ti | (Zip) |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX (Street) (623) 582-0219 Telephone No. (Include Area Code) Email Address | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) (AZ 85086 (City) (623) 582-1365 | (Ti | (Zip) |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX (Street) (623) 582-0219 Telephone No. (Include Area Code) Email Address | ANAGEMENT INFORMATION (Name) (Name) (AZ 85086 (City) (623) 582-1365 Fax No. (Include Area Code) | (Ti | (Zip) |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX (Street) (623) 582-0219 Telephone No. (Include Area Code) Email Address | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) (AZ 85086 (City) (623) 582-1365 Fax No. (Include Area Code) | (Ti | (Zip) |
| Management Contact: MAI 34647 N. 10 TH STREET PHOENIX (Street) (623) 582-0219 Telephone No. (Include Area Code) Email Address On Site Manager: SAME A | IANAGEMENT INFORMATI RY BETH ROWLAND (Name) (AZ 85086 (City) (623) 582-1365 Fax No. (Include Area Code) AS ABOVE (Name) | (State) Pager/Cell No. (In | (Zip) nclude Area Code) (Zip) |

| Statutory Agent: RICHAL | RD L. SALLQUIST | | |
|--|--|--------------------|--------------------|
| | (Name) | | |
| 2525 E. BILTMORE CIR # 117 (Street) | PHOENIX AZ (City) | 85016 (State) | (Zip) |
| (602) 224-9222 | , <i>,</i> , | | |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code | Pager/Cell No. (I | Include Area Code) |
| Attorney: SAME AS ABOV | | | |
| | (Name) | | |
| (Street) | (City) | (State) | (Zip) |
| Telephone No. (Include Area Code) | Fax No. (Include Area Code) | Pager/Cell No. (Ir | nclude Area Code) |
| <u>C</u> | OWNERSHIP INFORMATIO | <u>DN</u> | |
| Check the following box that applies | s to your company: | | |
| Sole Proprietor (S) | C Corporation (C |) (Other than Asso | ociation/Co-op) |
| Partnership (P) | Subchapter S Cor | poration (Z) | |
| Bankruptcy (B) | Association/Co op | o (A) | |
| Receivership (R) | ☐ Limited Liability | Company | |
| Other (Describe) | | | |
| | COUNTIES SERVED | | |
| Check the box below for the county/ | ies in which you are certificated to pro | ovide service: | |
| _ АРАСНЕ | ☐ COCHISE | □ сосо | NINO |
| ☐ GILA | ☐ GRAHAM | GREE | NLEE |
| LA PAZ | ⋈ MARICOPA | □ МОНА | AVE |
| □ NAVAJO | ☐ PIMA | ☐ PINAL | |
| ☐ SANTA CRUZ | ☐ YAVAPAI | ☐ YUMA | |
| ☐ STATEWIDE | | | |

UTILITY PLANT IN SERVICE

| Acct. No. | DESCRIPTION | Original Cost (OC) | Accumulated Depreciation (AD) | O.C.L.D. (OC less AD) |
|--------------|--|-----------------------|-------------------------------|--------------------------|
| 301 | Organization | 6,524 | | 6,524 |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 157,147 | | 157,147 |
| 304 | Structures and Improvements | 29,852 | 12,394 | 17,458 |
| 307 | Wells and Springs | 163,726 | 67,977 | 95,749 |
| 311 | Pumping Equipment | 426,742 | 177,179 | 249,563 |
| 320 | Water Treatment Equipment | 8,226 | 3,415 | 4,811 |
| 330 | Distribution Reservoirs and Standpipes | 341,433 | 141,760 | 199,673 |
| 331 | Transmission and Distribution Mains | 3,330,333 | 1,382,722 | 1,947,611 |
| 333 | Services | 87,070 | 36,151 | 50,919 |
| 334 | Meters and Meter Installations | 204,547 | 84,926 | 119,621 |
| 335 | Hydrants | 8,229 | 3,417 | 4,812 |
| 336 | Backflow Prevention Devices | | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 101,898 | 42,307 | 59,591 |
| 341 | Transportation Equipment | 69,238 | 28,747 | 40,491 |
| 343 | Tools, Shop and Garage Equipment | 95,463 | 39,635 | 55,828 |
| 344 | Laboratory Equipment | | | |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | SUBTOTALS | 5,030,428 | 2,020,630 | 3,009,798 |
| | Book Value Retired Plant | | (1,582) | 1,582 |
| | TOTALS | 5,030,428 | 2,019,048 | 3,011,380 |

This amount goes on the Balance Sheet Acct. No. 108

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

| Acct. | | Original | Depreciation | Depreciation |
|-------|--|-----------|----------------|---------------|
| No. | DESCRIPTION | Cost (1) | Percentage (2) | Expense (1x2) |
| 301 | Organization | 6,524 | | |
| 302 | Franchises | | | |
| 303 | Land and Land Rights | 157,147 | | |
| 304 | Structures and Improvements | 29,852 | 5% | 1,493 |
| 307 | Wells and Springs | 163,726 | 5% | 7,647 |
| 311 | Pumping Equipment | 426,742 | 5% | 20,042 |
| 320 | Water Treatment Equipment | 8,226 | 5% | 411 |
| 330 | Distribution Reservoirs and Standpipes | 341,433 | 5% | |
| 331 | Transmission and Distribution Mains | 3,330,333 | 5% | 158,478 |
| 333 | Services | 87,070 | 5% | 3,748 |
| 334 | Meters and Meter Installations | 204,547 | 5% | 10,007 |
| 335 | Hydrants | 8,229 | 5% | 412 |
| 336 | Backflow Prevention Devices | 3,223 | | |
| 339 | Other Plant and Misc. Equipment | | | |
| 340 | Office Furniture and Equipment | 101,898 | 5% | 4,974 |
| 341 | Transportation Equipment | 69,238 | 5% | 3,261 |
| 343 | Tools, Shop and Garage Equipment | 95,463 | 5% | 4,541 |
| 344 | Laboratory Equipment | | | ., |
| 345 | Power Operated Equipment | | | |
| 346 | Communication Equipment | | | |
| 347 | Miscellaneous Equipment | | | |
| 348 | Other Tangible Plant | | | |
| | SUBTOTALS | 5,030,428 | | 231,988 |
| | Less: Amortization of Contributions | 2,200,120 | | (46,613) |
| | Plus: Depreciation on Retired Plant | | | 544 |
| | TOTALS | 5,030,428 | | 185,919 |

This amount goes on Comparative Statement of Income and Expense Acct. No. 403.



To The Board of Directors of Desert Hills Water Company, Inc. Phoenix, Arizona

We have compiled the balance sheet of Desert Hills Water Company, Inc. as of December 31, 2003 and 2002, and the related comparative statement of income and expenses for the years then ended included in the accompanying prescribed form in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

Our compilation was limited to presenting in the form prescribed by the Arizona Corporation Commission information that is the representation of management. We have not audited or reviewed the financial statements referred to above and, accordingly, do not express an opinion or any other form of assurance on them.

These financial statements are presented in accordance with the requirements of the Arizona Corporation Commission, which differ from generally accepted accounting principles. Accordingly, these financial statements are not designed for those who are not informed about such differences.

All other information contained in the accompanying prescribed form has not been audited, reviewed, or compiled by us and, accordingly, we assume no responsibility for that information.

ULLMANN & COMPANY, P.C.
Certified Public Accountants

April 6, 2004

COMPANY NAME DESERT HILLS WATER CO., INC.

BALANCE SHEET

| Acct. No. | | | LANCE AT | LANCE AT END OF |
|--------------|---|----|-----------|---|
| 110. | ASSETS | | YEAR | YEAR |
| | CURRENT AND ACCRUED ASSETS | | | |
| 131 | Cash | \$ | 225,885 | \$ 382,470 |
| 134 | Working Funds | | | |
| 135 | Temporary Cash Investments | | | |
| 141 | Customer Accounts Receivable | | | |
| 146 | Notes/Receivables from Associated Companies | | | |
| 151 | Plant Material and Supplies | | | |
| 162 | Prepayments | ľ | | , |
| 174 | Miscellaneous Current and Accrued Assets | | 2,386 | 13,737 |
| | TOTAL CURRENT AND ACCRUED ASSETS | | | |
| | | \$ | 228,271 | \$ 396,207 |
| | FIXED ASSETS | | | |
| 101 | Utility Plant in Service | \$ | 4,576,431 | \$ 5,030,428 |
| 103 | Property Held for Future Use | | | |
| 105 | Construction Work in Progress | | | |
| 108 | Accumulated Depreciation - Utility Plant | | 1,786,517 | 2,019,048 |
| 121 | Non-Utility Property | | | |
| 122 | Accumulated Depreciation - Non Utility | | | |
| | TOTAL FIXED ASSETS | \$ | 2,789,914 | \$ 3,011,380 |
| | TOTAL ASSETS | \$ | 3,018,185 | \$ 3,407,587 |

NOTE: The Assets on this page should be equal to Total Liabilities and Capital on the following page

BALANCE SHEET (CONTINUED)

| Acct. No. | | | LANCE AT EGINNING | BA | LANCE AT END OF |
|--------------|---|----|---------------------------------------|----|--------------------|
| | LIABILITIES | | OF YEAR | | YEAR |
| | CUDDENT LIABILITIES | | - | | |
| 221 | CURRENT LIABILITES | | 246 | Φ. | 246 |
| 231 | Accounts Payable | \$ | 246 | \$ | 246 |
| 232 | Notes Payable (Current Portion) | | | | |
| 234 | Notes/Accounts Payable to Associated Companies | | 44.110 | | 50.010 |
| 235 | Customer Deposits | | 44,110 | | 50,913 |
| 236 | Accrued Taxes | | | | |
| 237 | Accrued Interest | _ | | | |
| 241 | Miscellaneous Current and Accrued Liabilities | 4 | 5,130 | | 5,289 |
| | TOTAL CURRENT LIABILITIES | \$ | 49,486 | \$ | 56,448 |
| | LONG-TERM DEBT (Over 12 Months) | | | | |
| 224 | Long-Term Notes and Bonds | | | | |
| | DEFENDED CREDITS | | | | |
| 251 | Unamortized Premium on Debt | | | | |
| 252 | Advances in Aid of Construction | | 2,446,193 | | 2,645,746 |
| 255 | Accumulated Deferred Investment Tax Credits | + | 2,440,193 | | 2,043,740 |
| 271 | Contributions in Aid of Construction | | 908,766 | | 1,075,680 |
| 272 | Less: Amortization of Contributions | | 249,452 | | 296,064 |
| 281 | Accumulated Deferred Income Tax | - | 247,432 | | 270,004 |
| 201 | TOTAL DEFERRED CREDITS | \$ | 3,105,507 | \$ | 3,425,362 |
| | TOTAL LIABILITIES | 6 | 2 154 002 | 4 | 2 401 010 |
| | TOTAL LIABILITIES | \$ | 3,154,993 | \$ | 3,481,810 |
| | CAPITAL ACCOUNTS | | · · · · · · · · · · · · · · · · · · · | | |
| 201 | Common Stock Issued | \$ | 53,620 | \$ | 53,620 |
| 211 | Paid in Capital in Excess of Par Value | | | | |
| 215 | Retained Earnings | | (190,428) | | (127,843) |
| 218 | Proprietary Capital (Sole Props and Partnerships) | | | | , |
| | TOTAL CAPITAL | \$ | (136,808) | \$ | (74,223) |
| | TOTAL LIABILITIES AND CAPITAL | \$ | 3,018,185 | \$ | 3,407,587 |

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

| Acct. No. | OPERATING REVENUES | PR | IOR YEAR | CUI | RRENT YEAR |
|--------------|---|----|----------|-----|------------|
| 461 | Metered Water Revenue | \$ | 988,527 | \$ | 1,062,824 |
| 460 | Unmetered Water Revenue | | | | |
| 474 | Other Water Revenues | | 6,547 | | 11,718 |
| | TOTAL REVENUES | \$ | 995,074 | \$ | 1,074,542 |
| | | | | | |
| | OPERATING EXPENSES | | | | |
| 601 | Salaries and Wages | \$ | 195,739 | \$ | 225,156 |
| 610 | Purchased Water | | 26,607 | | 35,777 |
| 615 | Purchased Power | | 85,710 | | 89,734 |
| 618 | Chemicals | | | | |
| 620 | Repairs and Maintenance | | 25,282 | | 21,351 |
| 621 | Office Supplies and Expense | | 25,994 | | 30,012 |
| 630 | Outside Services | | 18,752 | | 4,189 |
| 635 | Water Testing | | 10,933 | | 9,718 |
| 641 | Rents | | 11,000 | | 13,000 |
| 650 | Transportation Expenses | | 10,767 | | 13,293 |
| 657 | Insurance - General Liability | | 17,648 | | 21,588 |
| 659 | Insurance - Health and Life | | 12,138 | | 6,788 |
| 666 | Regulatory Commission Expense - Rate Case | | | | |
| 675 | Miscellaneous Expense | | 88,709 | | 71,968 |
| 403 | Depreciation Expense | | 170,547 | | 185,919 |
| 408 | Taxes Other Than Income | | 15,680 | | 19,527 |
| 408.11 | Property Taxes | | 49,359 | | 50,240 |
| 409 | Income Tax | | | | |
| | TOTAL OPERATING EXPENSES | \$ | 764,865 | \$ | 798,260 |
| | OTHER INCOME/EXPENSE | | | | |
| 419 | Interest and Dividend Income | \$ | 3,880 | \$ | 2,621 |
| 421 | Non-Utility Income | | | | |
| 426 | Miscellaneous Non-Utility Expenses | | 0 | | 19 |
| 427 | Interest Expense | 1 | 2,550 | | 2,704 |
| | TOTAL OTHER INCOME/EXP | \$ | 1,330 | \$ | (102) |
| | NET INCOME/(LOSS) | \$ | 231,539 | \$ | 276,180 |

COMPANY NAME DESERT HILLS WATER CO., INC.

SUPPLEMENTAL FINANCIAL DATA Long-Term Debt

| | LOAN #1 | LOAN #2 | LOAN #3 | LOAN #4 |
|------------------------|---------|---------|---------|---------|
| Date Issued | | | | |
| Source of Loan | | | | |
| ACC Decision No. | | | | |
| Reason for Loan | | | | |
| Dollar Amount Issued | \$ | \$ | \$ | \$ |
| Amount Outstanding | \$ | \$ | \$ | \$ |
| Date of Maturity | | | | |
| Interest Rate | | | | |
| Current Year Interest | \$ | \$ | \$ | \$ |
| Current Year Principle | \$ | \$ | \$ | \$ |

| Meter Deposit Balance at Test Year End | \$156,503 |
|--|-----------|
| Meter Deposits Refunded During the Test Year | \$25,251 |

WATER COMPANY PLANT DESCRIPTION

WELLS

| ADWR ID Number* | Pump Horsepower | Pump Yield (Gpm) | Casing Depth (Feet) | Casing Diameter (Inches) | Meter Size (inches) | Year Drilled |
|--------------------|--------------------|---------------------|---------------------|--------------------------------|------------------------|-----------------|
| 55-031199 | 60 | 240 | 800 | 8 | 4 | 1972 |
| 55-087696 | 20 | 100 | 800 | 8 | 4 | 1981 |
| 55-559936 | 75 | 420 | 1000 | 10 | 4 | 1997 |
| | | | | | | <u> </u> |
| | | | | | | - |
| | | | | | | |

Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

| Name or Description | Capacity (gpm) | Gallons Purchased or Obtained (in thousands) |
|---------------------------|----------------|--|
| CAVE CLEEK WATER G., INC. | 100-400 | 17,144.05 |
| Chie Green While S., III. | | |

| OOSTER PUMPS | R PUMPS | | RANTS |
|--------------|----------|-------------------|----------------|
| Horsepower | Quantity | Quantity Standard | Quantity Other |
| 7.5 | 2 | 60 | |
| 15 | 6 | | |
| 25 | 4 | | |
| | | | |

| STORAGE TANKS | | PRESSURE TANKS | |
|---------------|----------|----------------|----------|
| Capacity | Quantity | Capacity | Quantity |
| 20,000 | 1 | 5,000 | 3 |
| 107,000 | 1 | | |
| 103.000 | / | | |
| 250,000 | 1 | | |
| 300,000 | 1 | | |

300,000

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

| G: (: I) | 36 1 | Length (in feet) |
|------------------|---------------|------------------|
| Size (in inches) | Material | Length (In Icci) |
| 2 | | |
| 3 | | |
| 4 | ACP, PYC | 6,208 |
| 5 | | |
| 6 | ACP PIC DIP | 138, 393 |
| 8 | ACP, PVC, DIP | 81,884 |
| 10 | | |
| 12 | | |
| 14 | DIP | 140 |
| | | |
| | | |
| | | |

CUSTOMER METERS

| Size (in inches) | Quantity |
|-----------------------------------|----------|
| 5/8 X ³ / ₄ | 1338 |
| 3/4 | 2 |
| 1 | 64 |
| 1 1/2 | 4 |
| 2 | 8 |
| Comp. 3 | |
| Turbo 3 | |
| Comp. 4 | |
| Tubo 4 | |
| Comp. 6 | |
| Tubo 6 | |
| STANOPIPE | 33 |
| STANOPIPE HY DRANT METERS | 8 |

TREATMENT EQUIPMENT:

NONE

STRUCTURES:

OFFICE 32+24; STORAGE BUILDING 10x12

OTHER:

51TE FENCING, 1994 590 SL CASE BACKHOE, 1994 DODGE 1/2 TON PICKUP, 1997 CHEYY

LITHING BED 1 TON PICKUP, FLATBED TRAILER, 2000 POLARIS QUAD, 2001 POLARIS QUAD, 2003 POLARIS QUAD, VARIETY OF TOOLS AND EQUIPMENT.

COMPANY NAME: DESERT HILLS WATER CO., INC.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

| MONTH | NUMBER OF CUSTOMERS | GALLONS SOLD | GALLON PUMPED (Thousands) |
|-----------|------------------------|--------------|------------------------------|
| JANUARY | 1364 | 13,691,987 | 11, 336.99 |
| FEBRUARY | 1367 | 12,985,611 | 14,523.76 |
| MARCH | 1369 | 11,647,398 | 18,151.08 |
| APRIL | 1381 | 19, 138, 223 | 14, 756.64 |
| MAY | 1393 | 20, 737, 831 | 17,860.94 |
| JUNE | 1407 | 29, 171, 483 | 21,606.33 |
| JULY | 1410 | 27, 292, 908 | 33, 573.09 |
| AUGUST | 1428 | 21,719,052 | 21,264,08 |
| SEPTEMBER | 1431 | 23, 105,729 | 18, 828 . 84 |
| OCTOBER | 1445 | 24, 602, 856 | 23,274.58 |
| NOVEMBER | 1445 | 13,053,457 | 10, 442.81 |
| DECEMBER | 1457 | 14,093,199 | 16, 945.90 |
| | TOTAL | N/A | 224, 625.06 |

Is the Water Utility located in an ADWR Active Management Area (AMA)?

(X) Yes () No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

(x) Yes () No

If yes, provide the GPCPD amount: KESIDENTIAL 120 GPCPD; NON-RESIDENTIAL 18 GPCPD

What is the level of arsenic for each well on your system.

(If more than one well, please list each separately)

mg/1

well*3

well*4

Note: If you are filing for more than one system, please provide separate data sheets for each system.

| COMPANY NAME DESERT HILLS WATER CO., INC. YEAR ENDING 12/31/2003 |
|--|
| PROPERTY TAXES |
| Amount of actual property taxes paid during Calendar Year 2003: \$_50,240 |
| Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled Checks for property tax payments) of any and all property taxes paid during the calendar year. |
| If no property taxes paid, explain reasons below: |
| |
| |
| |
| |
| |
| |
| |
| |
| |
| |
| |
| |

| COMPANY NAME DESERT HILLS WATER | COMPANY NAME DESERT HILLS WATER CO., INC. | |
|---|--|--|
| INC | OME TAXES | |
| For this reporting period, provide the following: | | |
| Federal Taxable Income Reported Estimated or Actual Federal Tax Liability | N/A- S Corp N/A- S Corp | |
| State Taxable Income Reported Estimated or Actual State Tax Liability | N/A- S Corp N/A- S Corp | _ _ |
| Amount of Grossed-Up Contributions/Advances: | | |
| Amount of Contributions/Advances Amount of Gross-Up Tax Collected Total Grossed-Up Contributions/Advances | N/A N/A N/A | - - - |
| Decision No. 55774 states, in part, that the utility we the tax year when tax returns are completed. Pursu Payer or if any gross-up tax refunds have already land amount of contribution/advance, the amount of Payer, and the date the Utility expects to make or have | uant to this Decision, if grobeen made, attach the follow of gross-up tax collected, the | ving information by Payer: name amount of refund due to each |
| CERTIFICATION | | |
| The undersigned hereby certifies that the Utility has prior year's annual report. This certification is to corporation; the managing general partner, if a company or the sole proprietor, if a sole proprietors | be signed by the President partnership; the managing | or Chief Executive Officer, if a |
| SIGNATURE | DATE | |
| PRINTED NAME | TITLE | |
| | | |
| | | |
| | | |

VERIFICATION AND SWORN STATEMENT

Intrastate Revenues Only

RECEIVED

APR 13 2004

Z CORPORATION COMMISSIO

DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME)
MARICOPA

NAME (OWNER OR OFFICIAL) TITLE

MARY BETH ROWLAND

COMPANY NAME

DESERT HILLS WATER CO., INC.

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA COPRORATION COMMISSION

FOR THE YEAR ENDING

| MONTH | DAY | YEAR |
|-------|-----|------|
| 12 | 31 | 2003 |

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM <u>ARIZONA INTRASTATE</u> UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

| | (THE AMOUNT IN BOX ABOVE INCLUDES \$ <u>67,202</u> IN SALES TAXES BILLED, OR COLLECTED | | |
|---|--|--|--|
| EVENUE REPORTED ON THIS PAGE MUST NCLUDE SALES TAXES BILLED OR | | | |

**REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)

SUBSCRIBED AND SWORN TO BEFORE ME

(SEAL)

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

🐑 ich nic Dorma Gatlagher

selfs. State of Afrizona

THIS

more as a series of fig. there were some and the DAY of

COUNTY NAME MARICOPA

423-582-021

MONTH APRIL

TELEPHONE NUMBER

20<u>04</u>

SIGNATURE OF NOTARY PUBLIC

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 1,141,744

MY COMMISSION EXPIRES

VERIFICATION AND SWORN STATEMENT RESIDENTIAL REVENUE

RECEIVED

VERIFICATION

INTRASTATE REVENUES ONLY

APR 13 2004

| EKIFICATION | INTRA | SIAILK | <u>EVENUES ONL 1</u> | | ON COMMISSIO |
|---|---|-----------------------------|---|--|--|
| ΓATE OF ARIZONA | (COUNTY NAI | ME) N | MARICOPA | DIRECTOR | OF UTILITIES |
| THE UNDERSIGNED | NAME (OWNER OR OFF | ICIAL) M | ARY BETH ROWLAND | TITLE | PRESIDENT |
| F THE | COMPANY NAME | DESERT HILL | S WATER CO., INC. | | |
| SAY THAT THIS ANNU | AL UTILITY RE | PORT T | O THE ARIZON | A CORPORATION | COMMISSION |
| OR THE YEAR ENDING | MONTH 12 | DAY 31 | YEAR 2003 | | |
| HAS BEEN PREPAR RECORDS OF SAID THE SAME TO BE A UTILITY FOR THE MATTER AND THIS BELIEF. | UTILITY; THAT COMPLETE AND PERIOD COVE | I HAVE D CORRE RED BY | CAREFULLY E CT STATEMEN THIS REPORT | XAMINED THE SA IT OF BUSINESS AN IN RESPECT TO | ME, AND DECLAI D AFFAIRS OF SA EACH AND EVEI |
| WORN STATEMENT | Г | | | | |
| | | | | | |
| I ACCORDANCE WITH RIZONA REVISED STA | | | | • | |
| EVENUE OF SAID UTII | LITY DÉRIVED | FROM | ARIZONA INT | TRASTATE UTILI | TY OPERATION |
| ECEIVED FROM RESII | DENTIAL CUST | COMER: | S DURING CA | LENDAR YEAR 2 | 003 WAS: |
| ARIZONA INTRASTATE GROS | S OPERATING REVE | NUES | • | OUNT IN BOX AT LE | FT |
| \$ 1,068,94 | 44 | | INCLUDES \$ <u>62,917</u> IN SALES TAXES BILLED, OR COLLECTED | | |
| | | | | | |
| *RESIDENTIAL REVENUMUST INCLUDE SALES | | | AGE | | 1 |
| the second section is a second section of the second section in the second section of the section is a second | CONTRACTOR AND | 1. | x <u>//</u> | ay B. Low L SIGNATURE OF OWNER OR OFF | and |
| Elaine I Nova, Pu MARI | Dorina Gallagher oic - State of Arizona COPA COUNTY Expires May 12, 2006 | | | SIGNATURE OF OWNER OR OFF | ICIAL |
| SUBSCRIBED | AND SWORN TO |) BEFOR | E ME | OTARY PUBLIC NAME Eluine Donna GALL | osher |
| A NOTARY P | UBLIC IN AND F | OR THE | | COUNTY NAME MARICOPA | , |
| THIS | 12th | DAY | Y OF | ONTH APRIL | . 2004 |
| (CEAL) | | | a 1 | 0 | |
| (SEAL) | | | CV / | 1 61 1 1 | 11 |
| | SION EXPIRES / | 12.214 | c X (lau | ne Klum Mall | the |

Œ Security features. Details on back. 20045 10/28/2003 ø BANK OF AMERICA, ARIZONA 900067120699# 91-170/1221 "0 20045" "12210170B" Hfty Thousand Two Hundred Thirty and 02/100*************** 2003 prop. taxes 607-79-707,607-79-700211-52-032T, 211-52-0 DESERT HILLS WATER CO. Maricopa County Treasurer Maricopa County Treasurer Phoenix, AZ 85062-8574 34647 N. TENTH ST. PHOENIX, ARIZONA 85086 (623) 582-0219 P.O. Box 78574 PAY TO THE ORDER OF

MEMO

1,50065020001

CREDIT TO ACCT OF NAMED PAYEE WITHOUT PREJUDICE
ABSENCE OF ENDORSE.
MENT GUARANTEED BY
RANK MARE, NA

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